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August 24, 2007

VIA ELECTRONIC FILING AND UPS OVERNIGHT

Moore & Van Allen PLLC

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100 North Tryon Street
Charlotte, NC 28202-4003

Also Admitted in SC

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Docket No. To Be Assigned: Petition of Piedmont Natural Gas Company, Inc. for Authority to Place Certain Defined Benefit Post-Retirement Obligations in a Deferred Account

Dear Mr. Terreni:

I have enclosed an original and one copy of the *Petition of Piedmont Natural Gas Company, Inc. for Authority to Place Certain Defined Benefit Post-Retirement Obligations in a Deferred Account*. The attached Petition is an exact duplicate, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,

s/ Scott M. Tyler
Scott M. Tyler

Enclosures

c: Office of Regulatory Staff (5 Copies Via UPS Overnight)
James H. Jeffries IV

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2007-_____-G

In the Matter of:)	
)	
Petition of Piedmont Natural Gas)	
Company, Inc. for Authority to)	PETITION
Place Certain Defined Benefit)	
Post-Retirement Obligations in a)	
Deferred Account)	

Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company"), through counsel and pursuant to the Commission's authority over public utilities arising under South Carolina Code Annotated §§ 58-3-140, respectfully requests Commission authorization to place certain Defined Benefit Post-Retirement Obligations in deferred accounts so that the current regulatory treatment for these costs will not be altered due to Piedmont's adoption of the Financial Accounting Standard Board's ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*. In support of this request, Piedmont respectfully shows unto the Commission as follows:

1. It is respectfully requested that any notices or other communications with respect to this Petition be sent to:

Jane Lewis-Raymond
Vice President & General Counsel
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
Telephone: 704-731-4261

And

Scott M. Tyler
James H. Jeffries IV
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

2. Piedmont is incorporated under the laws of the state of North Carolina and is duly authorized by its Articles of Incorporation to engage in the business of transporting, distributing and selling natural gas. It is duly domesticated and is engaged in conducting such business in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. In September 2006, the FASB issued SFAS No. 158, effective for fiscal years ending after December 15, 2006. SFAS No. 158 requires an employer to recognize the over-funded or under-funded status of defined benefit post-retirement plans maintained by the employer as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the change occurs through other comprehensive income.

4. SFAS No. 158 requires Piedmont to recognize the funded status of benefit plans, determined by measuring the difference between the fair value of plan assets and the corresponding benefit obligations, in its statement of financial position.

5. SFAS No. 158 further requires Piedmont to recognize, as a component of other comprehensive income, the gains or losses and prior service costs or credits, net of tax, that arise during the reporting period which are not recognized as components of net periodic benefit costs under SFAS No. 87, *Employers Accounting for Pensions* and SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

6. For regulatory purposes, Piedmont recovers its actual ongoing level of post-retirement defined benefit plan expense through rates set by this Commission in general rate proceedings and adjusted in proceedings under the South Carolina Rate Stabilization Act, S.C. Code Ann. § 58-5-400.

7. As a result of the difference in methodology between the accounting for post-retirement defined benefit plan expenses required by SFAS 158 and the mechanism utilized by the Commission for the recovery of these expenses, Piedmont is faced with the requirement to

record and report significant additional liabilities on its financial statements with no offsetting assets. This will result in a material negative impact to Piedmont's financial statements.

8. In order to avoid this impact, which is solely the result of the difference in methodology between the accounting for and recovery of these costs, Piedmont requests Commission approval to place all impacts to its financial statements caused by the adoption and continued implementation of SFAS No. 158 in a regulatory deferred account.

9. The creation of the requested deferred account will not impact the total expense to be incurred by Piedmont with regard to its defined benefit post-retirement obligations nor will it prompt a change in the methodology for the recovery of these costs. It will, however, avoid the negative impact on Piedmont's financial statements of recording non-current pension related liabilities that have no associated offsetting assets.

10. The relief requested herein does not involve a change to Piedmont's rates, terms or conditions of service and is not in conflict with any Commission rule, regulation or policy.

11. Piedmont requests that it be authorized to segregate all cost impacts of compliance with SFAS No. 158 into a regulatory asset deferred account and that any issues related to the proper amortization or actual recovery of such costs be postponed until a subsequent proceeding before the Commission in which such amortization or recovery is sought.

12. The relief requested herein will avoid material negative impacts to Piedmont's books resulting purely from SFAS recognition requirements that are not reflective of actual current expenses incurred by Piedmont. Such relief will not impact ratepayers and will simply preserve the current approved regulatory treatment and cost-recovery regime for Piedmont's defined benefit plan expenses pending further consideration by the Commission in a subsequent proceeding.

13. Piedmont respectfully requests that the accounting order sought herein be made effective as of October 31, 2007 and thereafter.

WHEREFORE, for the reasons set forth above, Piedmont respectfully requests that the Commission issue an order for regulatory accounting purposes allowing Piedmont to place certain defined benefit post-retirement obligation liabilities in regulatory deferred accounts, as described herein, effective October 31, 2007.

Respectfully submitted, this the 24th day of August, 2007.

Piedmont Natural Gas Company, Inc.

s/Scott M. Tyler
Scott M. Tyler

OF COUNSEL:

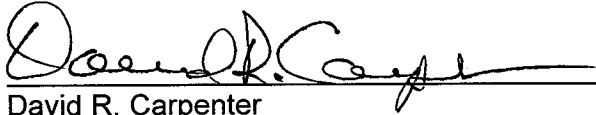
Moore & Van Allen PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202-4003
Telephone: 704-331-1079

STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

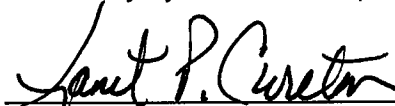
David R. Carpenter, being duly sworn, deposes and says that he is Managing Director, Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.


David R. Carpenter

Mecklenburg County, North Carolina

Signed and sworn to before me this day by David R. Carpenter

Date: 08/24/2007


Janet P. Cureton, Notary Public

(Official Seal)

My commission expires: March 1, 2010

